

**RECREATION DISTRICT NO. 2  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA**

***Annual Financial Report***

***For the Year Ended September 30, 2013***

**RECREATION DISTRICT No. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA  
Annual Financial Report  
For the Year Ended September 30, 2013**

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**RECREATION DISTRICT NO. 2,  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended September 30, 2013**

As management of the Recreation District No. 2 of the Parish of St. Mary, State of Louisiana ("District"), we provide readers of these financial statements this narrative overview and analysis of the financial activities of the Recreation District, for the fiscal year ended September 30, 2013. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- The net position of our governmental activities increased by \$172,863 or 4.5%.
- Total net position is comprised of the following:
  - (1) Net invested in capital assets of \$1,984,179 that included property and equipment (\$5,704,259), net of accumulated depreciation (\$1,885,080) – the net book value, net of the related debt (\$1,835,000).
  - (2) The Restricted portion of Net Position is made up of \$729,299 of restricted and committed balances in the Capital Projects Fund that is to be used for capital projects approved by the board; and \$54,720 excess ad valorem taxes collected in the debt service fund over and above the outstanding debt that is legally required to be used for capital projects in the general fund.
  - (3) Unrestricted net position of \$1,240,460 represents the portion available to maintain continuing obligations to citizens and creditors.
- Revenues of our governmental activities totaled approximately \$855,432, a decrease of 23.3% from the prior year total of \$1,114,612, while expenses, totaled \$682,569.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the financial statements. The basic financial statements consist of the following components:

**Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. The difference between the assets, deferred outflows and resources, liabilities, and deferred inflows of resources is reported as net position. Net

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Position is then segregated between net invested in capital assets, restricted or unrestricted. These categories are determined by the nature or source of the net position. Amounts available in unrestricted net position may be utilized for continued operation and maintenance of recreation facilities or programs in the future. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or weakening.

The statement of activities presents information showing how the net position changed during the fiscal year. This statement shows the difference between expenditures and revenues for recreation activities and the general revenues of the District. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and by bond covenants. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds consist of one category: governmental funds.

Governmental funds are used to account for most of the basic services as reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, and the Capital Projects Fund.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the conversion from governmental funds to governmental activities.

Our auditor has provided assurance in the independent auditor's report, located immediately following this MD&A, that the Basic Financial Statements are fairly stated.

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The auditor regarding the Required Supplemental Information and the Other Supplemental Schedules is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS AS A WHOLE**

The District's net position increased by \$172,863 compared to a \$438,769 increase in the prior year, although the change in components was significant. Our analysis that follows focuses on the components of net position (Table A-1) and changes in net position (Table A-2) of the governmental-type activities.

**NET POSITION**

To begin our analysis, a condensed comparative summary of the Statement of Net Position is presented in Table A-1.

Table A-1  
**Condensed Statement of Net Position**

	FY 2013	FY 2012	Dollar Change	Total % Change
Current Assets	\$ 2,186,570	\$ 3,194,894	\$ (1,008,324)	-31.6%
Capital Assets	3,819,179	2,675,401	1,143,778	42.8%
<b>Total Assets</b>	<b>6,005,749</b>	<b>5,870,295</b>	<b>135,454</b>	<b>2.3%</b>
Long-term Debt Outstanding	1,835,000	2,000,000	(165,000)	-8.3%
Other Liabilities	162,091	34,500	127,591	369.8%
<b>Total Liabilities</b>	<b>1,997,091</b>	<b>2,034,500</b>	<b>(37,409)</b>	<b>-1.8%</b>
Net Invested in Capital Assets	1,984,179	675,401	1,308,778	193.8%
Restricted	784,019	2,045,108	(1,261,089)	-61.7%
Unrestricted	1,240,460	1,115,286	125,174	11.2%
<b>Total Net Position</b>	<b>\$ 4,008,658</b>	<b>\$ 3,835,795</b>	<b>\$ 172,863</b>	<b>4.5%</b>

Net position may serve over time as a useful indicator of a government's financial position. The District assets exceeded its liabilities at the close of the current year by \$4,008,658 (net position) compared to \$3,835,795 at the prior year end. Of this amount, \$1,240,460 is unrestricted net position. This represents 30.9% of net position and is resources that are available to be used to meet the District's ongoing obligation to citizens and creditors. The District's unrestricted net assets increased by \$125,174 during the year.

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The District has \$784,019 compared to \$2,045,108 at the prior year end in restricted net position, which represents 19.6% of net assets. These resources are subject to external restrictions on how they may be used, i.e. bond covenants (restricted for capital projects) and debt service restrictions. The restricted net position of the District decreased as a result of spending the proceeds from last year's bonds issue. The restricted portion of net position decreased approximately \$1,261,089 as a result of the spending used for capital projects.

The District has total assets of \$6,005,749 compared to \$5,870,295 at the prior year end. Of the total assets \$3,819,179 are capital assets, net of depreciation compared to \$2,675,401 at the end of 2012. Although the District's investment in its capital assets is reported net of related debt in its net position reporting, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**CHANGES IN NET POSITION**

The governmental activities include recreation, i.e. activities buildings, parks, playgrounds, tennis and outdoor facilities. Property taxes fund most of these governmental activities.

A condensed comparative summary of the Statement of Activities is presented in Table A-2. This table shows the District's expenditures related to the functions/programs associated with its governmental activities. The table gives an indication of how the District's resources are utilized and the source of the resources.

Table A-2  
**Condensed Statement of Activities**

	FY 2013	FY 2012	Dollar Change	Total % Change
<b>Program expenses</b>				
Operating costs	\$ 445,988	\$ 510,321	\$ (64,333)	-12.6%
Interest expense	57,250	-	57,250	100.0%
Depreciation	179,331	165,522	13,809	8.3%
<b>Total program expenses</b>	<u>682,569</u>	<u>675,843</u>	<u>6,726</u>	<u>1.0%</u>
<b>Program revenues</b>				
Charges for services	7,175	6,258	917	14.7%
Operating Grants	-	16,026	(16,026)	-100.0%
<b>Total program revenues</b>	<u>7,175</u>	<u>22,284</u>	<u>(15,109)</u>	<u>-67.8%</u>
<b>Net Program Revenues Before General Revenues</b>	675,394	653,559	21,835	3.3%

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<b>General Revenues</b>				
Ad valorem taxes	757,872	1,001,692	(243,820)	-24.3%
Sales tax allocation	94,396	86,375	8,021	9.3%
Gain (Loss) from disposal of fixed assets	(8,733)	760	(9,493)	100.0%
Interest income earned	4,722	3,501	1,221	34.9%
<b>Total general revenues</b>	<b>848,257</b>	<b>1,092,328</b>	<b>(244,071)</b>	<b>-22.3%</b>
<b>Change in Net Position</b>	<b>172,863</b>	<b>438,769</b>	<b>(265,906)</b>	<b>-60.6%</b>
<b>Beginning Net Position</b>	<b>3,835,795</b>	<b>3,397,026</b>	<b>438,769</b>	<b>12.9%</b>
<b>Ending Net Position</b>	<b>\$ 4,008,658</b>	<b>\$ 3,835,795</b>	<b>\$ 172,863</b>	<b>4.3%</b>

Operating costs for the recreation activities decreased by approximately \$64,333 to \$445,988 compared to \$510,321 in 2012. Depreciation expense for 2013 was \$179,331, an increase of \$13,809 over the prior year. Interest expense for 2013 was \$57,250.

As indicated above, ad valorem tax revenue is the largest revenue source comprising 89.3% and 91.7% of general revenues for 2013 and 2012. During the years ended September 30, 2013 and 2012, property taxes of 16.34 and 13.34 mills, respectively, were levied on property inside of the District boundaries. The gross tax assessed for 2013 decreased by 24.3% or \$243,820, to \$757,875 compared to \$1,001,692 for 2012. In 2013 the District assessed a 3.0 mills tax for debt service payments to cover the new debt.

Sales tax revenue dedicated by the St Mary Parish Council for recreation within the District boundaries has increased by \$8,021 or 9.3% to \$94,396 for 2013 compared to \$86,375 for 2012 due to a slight increase in the economy.

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

As previously stated, the District maintains three governmental funds, the General Fund, the Debt Service Fund and the Capital Projects Fund. The governmental funds reported combined ending fund balances of \$2,027,599 and \$3,182,872 for the fiscal years ended 2013 and 2012. This is a decrease of approximately \$1,155,273 from the prior year-end. Decreases in the combined fund balances result from payments on new debt and spending for new construction from the Capital Projects Fund.

The General Fund unassigned fund balance is \$1,339,885 compared to \$1,137,764 at the end of the prior year, an increase of \$202,121; and, the restricted and committed portion for capital projects decreased by \$63,935. The majority of the decrease in the

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committed and restricted portions of fund balance in general fund is due to the completion of a capital project and the spending of a portion of the excess ad valorem taxes collected over the payout of debt from 2012 that was still unspent (\$54,720). Sales tax revenues increased by approximately \$8,021, ad valorem taxes decreased by approximately \$378,003, decreases in commitments to capital expenditures in general fund (\$298,141), and decreases (\$12,826) in some areas of operating costs, and the transfer in of \$2,398 from the debt service fund to pay for additional capital purchases for the current fiscal year resulted in the increase in fund balance. The financial resources in this fund are available to carryout the current operations and programs.

The fund balance in the Debt Service Fund revealed a deficit of (\$96,305) at the end of fiscal 2013 compared to a positive balance of \$2,420 at 2012. This is a decrease of approximately \$98,725 from the prior year, resulting primarily from the District not levying enough ad valorem tax on property to cover the debt service payments due on the new bond issue; \$2,398 of the balance in the debt service fund was transferred to the general fund and are restricted for a purpose similar to that for which the general obligation bonds were authorized which in this case would be for capital projects.

The issuance of \$2,000,000 of general obligation bonds in March 2012 required a Capital Projects fund to be created to account for the proceeds of the debt issuance. The District entered into a contract for the construction of an annex building to the main building, the \$247,800 in Committed for Capital Projects in the Capital Projects fund is the remaining amounts on that construction project. The Restricted portion of fund balance for the Capital Projects Fund of \$481,499 is the remaining portions of the bond issue that is not committed to a particular project but can only be used to construct or improve the recreation facilities as per the bond covenants.

**GENERAL FUND BUDGETARY HIGHLIGHT**

The District adopts an annual budget for its General Fund. Prior to year end, the District amended its' budget for the year ending September 30, 2013 to reflect the changes in revenue received and operating expenditures incurred. A budget comparison schedule has been included for the General Fund to demonstrate compliance with the legally adopted budget. A condensed Comparison of budget and actual is shown below in Table A-3. An analysis of significant budget variances in the General Fund is as follows:

**Revenues:**

- There was a \$161,000 increase between the original and final budget amounts for general revenue.



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- The sales tax allocation received currently was approximately \$29,000 more than amounts collected in the previous year; however, the property taxes collected increased by \$223,494 from the original budget amounts.
- The net variations between the final budgeted revenues and the actual amounts realized for 2012 were positive variances.

**Expenditures:**

- Budgeted amounts for expenditures were amended primarily to adjust amounts within expenditure line items. The primary increase incurred between the original and final budget was to reflect the increased capital items purchased.
- Negative variances from final budgeted amounts incurred for insurance, and on-behalf pension benefits associated with the ad valorem taxes resulted because of increases in cost that were not anticipated.
- There were significant negative variances between the amended budget and the actual expenditures incurred for the year in Pension-Ad Valorem Taxes of \$36,254. The net variances between the final budgeted expenditures and the actual amounts realized for 2013 were positive variations.

Table A-3  
Condensed Comparison of Budget and Actual

	Original Budget	Final Budget	Actual FY 2013	Dollar Variance	Total Percent Variance
Ad Valorem Taxes	\$ 400,000	\$ 550,000	\$ 623,494	\$ 73,494	13.4%
Sales tax allocation	60,000	65,000	94,396	29,396	45.2%
Interest	-	2,500	3,188	688	27.5%
Other	1,800	5,300	7,175	1,875	35.4%
<b>Total Revenues</b>	<b>461,800</b>	<b>622,800</b>	<b>728,253</b>	<b>105,453</b>	<b>16.9%</b>
Operating expenses	450,200	480,000	456,872	23,128	4.8%
Capital expenditures	45,000	138,000	135,593	2,407	1.7%
<b>Total Expenditures</b>	<b>495,200</b>	<b>618,000</b>	<b>592,465</b>	<b>25,535</b>	<b>4.1%</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	(33,400)	4,800	135,788	130,988	100%
Transfer in	-	-	2,398	2,398	100%
Net changes in fund balance	(33,400)	4,800	138,186	133,386	2779%
<b>Fund balance, beginning</b>	<b>1,256,419</b>	<b>1,256,419</b>	<b>1,256,419</b>	<b>-</b>	<b>0.00%</b>
<b>Fund balance, ending</b>	<b>\$1,223,019</b>	<b>\$1,261,219</b>	<b>\$1,394,605</b>	<b>\$130,988</b>	<b>10%</b>

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The Board of Commissioners is not aware of any currently known factors that could have a significant effect on future recreation activities. Tax revenue sources remain consistent and operating cost has been stable.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At September 30, 2013 the District had \$3,819,179 (net of depreciation) invested in a wide range of capital assets as shown in Table A-4 below. This amount represents a net increase (including additions and deductions) of \$1,143,778, or 42.75% over last year.

**Table A-4  
Summary of Capital Assets**

	<b>2012</b>	<b>2013</b>
Buildings, improvements, outdoor facilities	\$3,532,880	\$ 3,641,843
Land Improvements	21,482	21,482
Kitchen equipment	68,915	69,387
Maintenance equipment	132,869	132,977
Office furniture and fixtures	93,089	111,335
Recreation equipment	310,296	308,536
Transportation equipment	149,499	149,499
Construction in Progress	65,506	1,255,219
Land, not being depreciated	13,981	13,981
<b>Total Cost of Assets</b>	<b>4,388,517</b>	<b>5,704,259</b>
Accumulated Depreciation	(1,713,116)	(1,885,080)
<b>Total Capital Assets, Net</b>	<b>\$2,675,401</b>	<b>\$ 3,819,179</b>

This year there was \$1,331,843 of new additions to capital assets and \$13,073 of disposals, both figures include amounts added and disposed in the construction in progress categories.

The District entered into a construction contracts the related commitments are noted in the schedule as follows:

**CONSTRUCTION COMMITMENTS AT YEAR-END**

	Committed	Expended	Remaining
Annex Building	1,503,019	1,255,219	247,800
	<b>\$ 1,503,019</b>	<b>\$1,255,219</b>	<b>\$ 247,800</b>

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The remaining balance is reflected as Committed for Capital Projects in the fund balance section on the fund financial statements - \$247,800 in the Capital Projects Fund.

***Long-term Debt***

The District had \$1,835,000 of 2012 bonds outstanding at year-end compared to \$2,000,000 last year as shown in the following table.

**OUTSTANDING DEBT AT YEAR-END**

	Governmental Activities	
	2012	2013
2012 General Obligation Bonds	\$ 2,000,000	\$ 1,835,000
	<u>\$ 2,000,000</u>	<u>\$ 1,835,000</u>

The net decrease of \$165,000 is the result of the debt service principal payments made in 2013.

***Bond Ratings***

The 2012 general obligation bonds are not rated by any nationally recognized bond rating firm or agency.

Additional detailed information about outstanding long-term debt is presented in Note 7 to the financial statements.

***CURRENTLY KNOWN FACTS, ECONOMIC FACTORS AND CONDITIONS***

The Board of Commissioners continues to monitor all economic factors that affect the operation, maintaining, and improvement of the recreational facilities of the District. Historically, the majority of the District's revenue has been derived from a maintenance and operating property tax levied. The Parish continues to provide sales tax from the three-tenths of one percent sales tax levy collected within the District and dedicated to recreation within the District. The Board of Commissioners has no current knowledge of any economic conditions that could have a significant adverse affect on its revenues or operating costs. The Board of Commissioners in preparing and adopting the general fund budget for fiscal year end September 30, 2014 considered these factors. If these current economic factors and conditions remain consistent, the net asset balance is expected to increase modestly by the close of 2014.

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**CONTACTING MANAGEMENT**

This Annual Financial Report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of Recreation District No. 2's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Recreation District No. 2 of the Parish of St. Mary,  
P.O. Box 922, Morgan City, LA 70381,  
phone number 985-385-4224.

## ***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## ***INDEPENDENT AUDITOR'S REPORT***

To the Board of Commissioners  
Recreation District No. 2, Parish of St. Mary,  
State of Louisiana  
Morgan City, Louisiana

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Recreation District No. 2, a component unit of the Parish of St. Mary, State of Louisiana as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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Recreation District No.2, Parish of St. Mary  
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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Recreation District No. 2, Parish of St. Mary, State of Louisiana, as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the other required supplemental information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in a appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.



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We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 11, 2014, on our consideration of the Recreation District No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Stagni & Company*

Thibodaux, Louisiana  
March 11, 2014





**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**STATE OF LOUISIANA**

Statement of Net Position - Governmental Activities  
September 30, 2013

**ASSETS**

Cash and cash equivalents	\$ 2,041,945
Due from other governments	128,230
Prepaid expenses	16,215
Deposits	180
Capital assets, net of depreciation	<u>3,819,179</u>
Total assets	<u>6,005,749</u>

**LIABILITIES**

Accounts payable and accrued expenses	8,591
Retainage payable	150,380
Interest payable	3,120
Noncurrent liabilities:	
Bonds, due within one year	190,000
Bonds, due in more than one year	<u>1,645,000</u>
Total current liabilities	<u>1,997,091</u>

**NET POSITION**

Net investment in capital assets	1,984,179
Restricted for:	
Capital Projects	784,019
Debt Service	-
Unrestricted	<u>1,240,460</u>
Total net position	<u>\$ 4,008,658</u>

See notes to financial statements.

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**STATE OF LOUISIANA**

Statement of Activities  
For the Year Ended September 30, 2013

FUNCTIONS / PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
<i>Governmental activities:</i>				
General government - Recreation	\$ 682,569	\$ 7,175	\$ -	\$ (675,394)
General revenues:				
Ad Valorem Taxes				757,872
Sales tax allocation				94,396
Interest				4,722
Gain (Loss) from the disposal of fixed assets				(8,733)
Total general revenues				848,257
Change in net position				172,863
Net position:				
Beginning of year				3,835,795
End of year				\$ 4,008,658

See notes to financial statements.

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST MARY  
STATE OF LOUISIANA**

Balance Sheet - Governmental Funds

September 30, 2013

	General	Debt Service	Capital Project	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 1,158,571	\$ 3,695	\$ 879,679	\$ 2,041,945
Due from other governments	128,230	-	-	128,230
Prepaid insurance	16,215	-	-	16,215
Deposits	180	-	-	180
Due from/to other funds	100,000	(100,000)	-	-
Total assets	<u>\$ 1,403,196</u>	<u>\$ (96,305)</u>	<u>\$ 879,679</u>	<u>\$ 2,186,570</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 8,591	\$ -	\$ -	\$ 8,591
Retainage payable	-	-	150,380	150,380
Total liabilities	<u>8,591</u>	<u>-</u>	<u>150,380</u>	<u>158,971</u>
<b>FUND BALANCES</b>				
Restricted for Capital Projects	54,720	-	247,800	302,520
Restricted for Debt Service	-	-	-	-
Committed for Capital Projects	-	-	481,499	481,499
Unassigned	1,339,885	(96,305)	-	1,243,580
Total fund balances	<u>1,394,605</u>	<u>(96,305)</u>	<u>729,299</u>	<u>2,027,599</u>
Total liabilities and fund balances	<u>\$ 1,403,196</u>	<u>\$ (96,305)</u>	<u>\$ 879,679</u>	

**RECONCILIATION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

Captial assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,819,179
Bonds payable are not due and payable in the current period and therefore are not reported in the funds.	
Bonds, due within one year	(190,000)
Bonds, due in more than one year	(1,645,000)
Accrued interest is not due and payable in the current period and is not reported in the funds.	(3,120)
Net Position of governmental activities	<u>\$ 4,008,658</u>

See notes to financial statements.

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**STATE OF LOUISIANA**

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2013

	General	Debt Service	Capital Project	Total Governmental Funds
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 623,494	\$ 134,378	\$ -	\$ 757,872
Sales tax allocation	94,396	-	-	94,396
Interest & Dividends	3,188	18	1,516	4,722
Rental & activity income	7,175	-	-	7,175
Total Revenues	728,253	134,396	1,516	864,165
<b>EXPENDITURES</b>				
Current - General government:				
Salaries & wages	178,383	-	-	178,383
Benefits	48,975	-	-	48,975
Commissioners per diem	550	-	-	550
Insurance	48,014	-	-	48,014
Utilities & telephone	37,550	-	-	37,550
Accounting & professional fees	11,681	-	-	11,681
Supplies & office	11,039	320	-	11,359
Repairs & maintenance	55,297	-	-	55,297
Truck, bus & tractor expenses	11,119	-	-	11,119
Summer program cost	6,813	-	-	6,813
Public relations	8,602	-	-	8,602
Pension - ad valorem taxes	36,254	8,153	-	44,407
Other	2,595	-	-	2,595
Total current expenditures	456,872	8,473	-	465,345
Capital outlay	135,593	-	1,196,250	1,331,843
Debt service:				
Principal retirement	-	165,000	-	165,000
Interest and fiscal charges	-	57,250	-	57,250
Total debt service	-	222,250	-	222,250
Total expenditures	592,465	230,723	1,196,250	2,019,438
Excess (Deficiency) of Revenues over Expenditures	135,788	(96,327)	(1,194,734)	(1,155,273)
Other financing sources (uses):				
Transfers in (out)	2,398	(2,398)	-	-
Total other financing sources (uses)	2,398	(2,398)	-	-
<b>Net change in fund balances</b>	138,186	(98,725)	(1,194,734)	(1,155,273)
<b>FUND BALANCES</b>				
Beginning of year	1,256,419	2,420	1,924,033	3,182,872
Ending of year	\$ 1,394,605	\$ (96,305)	\$ 729,299	\$ 2,027,599

See notes to the financial statements.

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2013

Net change in fund balances - total governmental funds (fund financial statements)                      \$ (1,155,273)

Amounts reported for *governmental activities* in the statement of activities  
(government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures in the individual funds.  
Governmental activities report depreciation expense to allocate the cost of those  
capital assets over the estimated useful lives of the asset.

Capital outlay	\$ 1,331,843	
Depreciation expense	(179,331)	
Gain (Loss) on Disposal of Assets	<u>(8,733)</u>	
		1,143,779

Some items reported in the statement of activities do not require the use of current  
financial resources and therefore are not reported as expenditures in the  
governmental funds.

In the current year, these amounts consist of:

Payment on Long-Term Debt	165,000
Change in accrued interest payable	<u>19,357</u>

Change in net position of governmental activities	<u><u>\$ 172,863</u></u>
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See note to the financial statements .

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

The Recreation District No. 2 of the Parish of St. Mary, Louisiana (the District) was created and established by ordinance No. 961 adopted by the St. Mary Parish Council on June 26, 1985. The District is governed by a board of commissioners composed of five members appointed by the St. Mary Parish Council. The "Recreation District No. 2 as created shall constitute a public corporation and political subdivision of the State of Louisiana, and as such, will have the rights, powers, and privileges granted and conferred by the Constitution and Statutes of the State of Louisiana, and subject to the terms and provisions of the St. Mary Parish Home Rule Charter, and the rights and duties conferred therein, including the authority to incur debt, to issue bonds, and to levy taxes and assessments." The District is authorized to acquire land, construct and maintain buildings, equipment and other facilities to be used in providing recreation facilities within the corporate boundaries of the District.

**Note 1**                      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the St. Mary Parish Recreation District No. 2 conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

**A.     Reporting Entity**

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The Governmental Accounting Standards Board established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The St. Mary Parish Council appoints a voting majority of the District's governing body and can impose its will on the District. Based on criterion applied, the District is a component unit of the St. Mary Parish Council. The accompanying financial statements present information only on the funds maintained by the District and does not present information on the St. Mary Parish Council, the general government services provided by the Council, or the other governmental units that comprise the financial reporting entity for St. Mary Parish, Louisiana.

The District has no entities or organizations that are required to be included in its financial report as defined by Government Accounting Standards Board (GASB) Statement 14.

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B.      Basic Financial Statements – Basis of Presentation**

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide (reporting as a whole) and fund financial statements (reporting major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type activities. All of the services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The net position is reported in three parts—net invested in capital assets; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the functions and activities. These functions are also supported by general government revenues (interest earned). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (interest earned, etc). This government-wide focus is more on the sustainability of the District as an entity and the change in the net assets resulting from the current year's activities.

**Fund Accounting**

Funds and account groups are used to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B.      Basic Financial Statements – Basis of Presentation (continued)**

**Governmental Funds**

Governmental Funds are those through which the governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The Governmental Funds of the District are as follows:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term obligation principal, interest and related costs.

Capital Project Fund – The Capital Project Fund is used to account for the acquisition, construction and improvements made to the parks, playgrounds, recreation centers, and other recreational facilities. The primary funding is bond proceeds.

**C.      Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources, resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources, resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions."



**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C.    Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used by the governmental fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The governmental funds use the following practices in recording revenues and expenditures:

- Ad valorem taxes and revenue sharing are considered susceptible to accrual. Interest income is recorded when received.
- Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

D.    Budgets

The District complies with the "Louisiana Local Government Budget Act" and henceforth; budgets are adopted for its general fund on a modified accrual basis that is consistent with generally accepted accounting principles. Annual budgets are prepared by the Executive Director of the District along with a budget message and presented to the Board for adoption no later than 15 days prior to the beginning of the fiscal year. Budgets are adopted for the fiscal year and lapse at a year-end. The budget is amended by supplemental appropriations as needed to during the year to comply with state law

E.    Deposits

The entity's cash and cash equivalents include amounts in demand deposits, interest-bearing deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E.      Deposits (continued)**

The District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or collateralized certificates of deposits. Investments are stated at cost. State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

**F.      Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not material and therefore not included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	10 - 40 years
Furniture and fixtures	5 - 12 years
Equipment	3 -15 years

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G.    Long Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I.    Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board through approval in minutes. Assigned fund balances is a limitation imposed by a designee of the Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

J.    Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Short-Term Interfund Receivables/Payables and Interfund Transfers**

During the course of operations transactions occur between individual funds. These receivables and payables are classified as "due to or due from other funds" on the balance sheet. All interfund transactions, except quasi-external transactions, are reported as operating transfers.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Note 2 DEPOSITS**

The District's cash and cash equivalents are considered deposits. Deposits (demand deposits, interest bearing demand deposits, time deposits, and certificates of deposit) are recorded at cost, which approximates market or fair value. At September 30, 2013, the carrying amount and bank balances of the deposits are as follows:

	Balances	
	Book	Bank
Non-interest bearing demand deposits	\$ 77,257	\$ 84,565
Interest bearing demand deposits	1,964,688	1,964,688
Total Deposits	\$2,041,945	\$2,049,253
Insured by FDIC		\$804,720
Uninsured and uncollateralized held by pledging bank's trust department in the District's name		\$1,244,533

Custodial credit risk is the risk that in an event of a bank failure, deposits may not be returned. As noted in the above table, \$1,244,533 of the total bank balance was exposed to custodial credit risk. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

**Note 2**                      **DEPOSITS, continued**

FDIC of \$804,720 and pledged securities valued at September 30, 2013 of \$3,154,918 secure these deposits from risk. The collateral must be held at the pledging bank's trust department or other banks acting as the pledging bank's agent, in the District's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3**                      **AD VALOREM TAXES**

Ad valorem taxes assessed for operation and maintenance and payment of general obligation bonds attach as an enforceable lien on property as of January 1 of each year. Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and moveable property located in the District's boundaries.

Assessed values are established by the St. Mary Parish Assessor's Office and the State Tax Commission at the percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2012. Taxes are due and payable December 31 with interest being charged. Lien date for all delinquent properties is April 1. The St. Mary Parish Sheriff bills and collects property taxes for the Commission using the assessed values determined by the tax assessor St. Mary Parish. Commission property tax revenues are budgeted in the year billed.

The tax rate for the year ended September 30, 2012 was 13.34 mills assessed valuation on property within St. Mary Parish Recreation District No. 2 for the purpose of maintaining and operating the facilities and programs, and 3.0 mills for the purpose of payment of general long term debt principal, interest, and related costs for the District. These property taxes were levied and billed November 1, 2012 and were due and payable by December 31, 2012.

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

**Note 4      COMPENSATION OF BOARD MEMBERS**

As of September 30, 2013 or during the year then ended, the following individuals served on the Board of Commissioners and were paid per diem allowances as scheduled:

NAME	MONTHS OF SERVICE	PER DIEM RECEIVED
Richard Martin	12	\$130
Alvin Wilkerson	12	80
Edward Thomas	12	100
Oscar Toups	12	120
Ann Poole	12	120
<b>TOTAL</b>		<b>\$550</b>

**NOTE 5      DUE FROM OTHER GOVERNMENTS**

The Recreation District received parish funding during the fiscal year ending September 30, 2013, as outlined below:

	<b>Revenues</b>	
	<b>Recorded</b>	<b>Receivable</b>
St. Mary Parish – Sales Taxes Receivable – held by the Parish	\$94,396	\$ 128,230
<b>TOTAL INTERGOVERNMENTAL</b>	<b>\$94,396</b>	<b>\$ 128,230</b>

The amounts receivable and recorded as revenues, respectively, from St. Mary Parish of \$128,230 and \$94,396, are for sales tax money held by the parish for the Recreation District to use as needed for operating expenditures.

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

**Note 6 CAPITAL ASSETS**

Capital assets and depreciation activity for the year is as follows:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital assets, not being depreciated</b>				
Land	\$13,981			\$13,981
Construction in Progress	\$ 65,506	\$1,202,786	\$13,073	\$1,255,219
<b>Total capital asset, not being depreciated</b>	<b>\$79,487</b>	<b>\$1,202,786</b>	<b>\$13,073</b>	<b>\$1,269,200</b>
<b>Capital assets being depreciated</b>				
Buildings & Improvements	\$3,532,880	\$123,303	14,340	\$3,641,843
Land Improvements	21,482			21,482
Recreation Equipment	310,296		1,760	308,536
Furniture & Office Equipment	93,089	18,246		111,335
Transportation Equipment	149,499			149,499
Kitchen Equipment	68,915	472		69,387
Maintenance Equipment	132,869	108		132,977
<b>Total being depreciated</b>	<b>\$4,309,030</b>	<b>\$142,129</b>	<b>\$ 16,100</b>	<b>\$4,435,059</b>

Less accumulated depreciation:

Buildings & Improvements	\$1,258,374	\$126,162	\$5,607	\$1,378,929
Land Improvements	3,598	1,075		4,673
Recreation Equipment	155,454	20,040	1,760	173,734
Furniture & Office Equipment	52,003	7,885		59,888
Transportation Equipment	107,021	12,224		119,245
Kitchen Equipment	53,932	2,726		56,658
Maintenance Equipment	82,734	9,219		91,953
<b>Totals</b>	<b>\$1,713,116</b>	<b>\$179,331</b>	<b>\$7,367</b>	<b>\$1,885,080</b>
<b>Capital assets, net</b>	<b>\$2,675,401</b>			<b>\$3,819,179</b>

Depreciation expense of \$179,331 for the year was charged to the general government function in the statement of activities. Total additions to capital assets (including \$13,073 of construction transferred from construction in process) was \$1,331,843. Disposals and transfers from construction in process were \$29,173.

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

**Note 7                      LONG TERM DEBT**

**General Obligations Bonds, Series 2012**

On October 22, 2011, taxpayers approved an issuance of bonds and the levy of a special tax to issue \$2,000,000 of 10 year general obligation bonds of the District for The purpose of acquiring, constructing or improving the parks, recreation centers, and other recreational facilities for the District.

A summary of changes in long-term-debt of the District is as follows:

	Payable 9/30/12	Debt Incurred	Debt Retired	Payable 9/30/13
General Obligations Bonds, Series 2012	\$2,000,000	\$0	\$165,000	\$1,835,000

The annual requirements, including interest, to amortize all long-term debt outstanding are as follows:

Maturity	Principal	Interest	Total
2014	\$190,000	\$35,496	\$225,496
2015	190,000	31,620	221,620
2016	195,000	27,693	222,693
2017	200,000	23,664	223,664
2018	205,000	19,542	224,542
2019-2022	855,000	35,241	890,214
Totals	\$1,835,000	\$173,256	\$2,008,256



**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

**NOTE 8      ON-BEHALF PAYMENTS FOR FRINGE BENEFITS**

Property tax revenues include amounts withheld by the Sheriff to make "on-behalf payments for fringe benefits" which represents the District's pro-rata share of retirement plan contributions for other governmental units. Because the District is one of several governmental agencies receiving proceeds from a property tax assessment, it has to bear a pro-rata share of the pension expense relating to the public employees who participate in the Parochial Employees Retirement System.

The District's pro-rata share of the required contribution (\$44,407) that was withheld by the Sheriff from property tax collections to satisfy the District's obligation has been presented as "Pension – ad valorem" in the expenditure of the General and Debt Service funds in these financial statements. The District has also increased its property tax revenues by the same amount of the expenditure.

**NOTE 9      RISK MANAGEMENT**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; auto liability; general liability, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements of claims have not exceeded coverage in the past three years.

**NOTE 10      CONTINGENT LIABILITIES – SURPLUS DEBT SERVICE FUNDS**

It is the opinion of the Office of the Attorney General of the State of Louisiana that after general obligation bonds have been paid in full, surplus ad valorem tax revenues attributable to the bonds should be returned to the taxpayers ratably, if practicable. If the expenses of such a return make this impractical, the excess revenues should be used for the purpose similar to that for which the bonds were authorized. The bonds were originally issued for re-roofing and renovating the recreation center and constructing an addition thereto; improving baseball fields and playgrounds; acquiring an activity bus; and making other improvements to the District's recreational facilities. There is \$54,720 of accumulated surplus funds at September 30, 2013; however, the Board of Commissioners has agreed to reserve amounts in the future and budget and spend the surplus funds for capital outlay for the purpose for which the original bonds were authorized. This amount is reflected on the fund financial statements as Restricted for Capital Projects in the General Fund and is part of the restricted portion of net assets on the government-wide financial statements.

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended September 30, 2013

**NOTE 11    CONSTRUCTION COMMITMENTS**

The District had construction contracts for capital projects that were started for the year, but not completed at year-end. The following outlines the remaining commitments for capital projects at year-end:

	<u>Committed</u>	<u>Expended</u>	<u>Remaining</u>
Annex Building	\$ 1,503,019	\$1,255,219	\$ 247,800

The remaining balance is reflected as Committed for Capital Projects in the fund balance section on the fund financial statements in the Capital Projects Fund.

**NOTE 12    SUBSEQUENT EVENTS**

The Recreation District has evaluated subsequent events through March 11, 2014 the date which the financial statements were available to be issued, and determined that there were no events required to be disclosed.

**NOTE 13    DEFICIT FUND EQUITY**

The Debt Service fund has a deficit fund balance of \$96,305 which was due to the debt service payments in excess of the amounts collected from the property taxes in the current year. The General Fund loaned the Debt Service Fund \$100,000 to cover the deficit until property taxes could be levied and is reflected as an interfund receivable and payable on the balance sheet between these two funds. This loan is expected to be repaid in the next year. The Recreation District levied a 7.3 mills (up from 3.0 mills) for the 2013 tax roll in order to erase the deficit and pay the debt coming due in 2014.

***REQUIRED SUPPLEMENTAL  
INFORMATION***

**RECREATION DISTRICT No. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Budget Comparison Schedule - General Fund  
For the Year Ended September 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 400,000	\$ 550,000	\$ 623,494	\$ 73,494
Sales taxes	60,000	65,000	94,396	29,396
Interest	-	2,500	3,188	688
Rental & activity income	1,800	5,300	7,175	1,875
Total Revenues	461,800	622,800	728,253	105,453
<b>EXPENDITURES</b>				
General government - current:				
Salaries and wages	195,000	195,000	178,383	16,617
Benefits	40,000	50,000	48,975	1,025
Commissioners per diem	700	700	550	150
Insurance	40,000	45,000	48,014	(3,014)
Utilities and telephone	41,500	43,000	37,550	5,450
Accounting and professional fees	15,000	15,000	11,681	3,319
Supplies and office	5,400	11,200	11,039	161
Repairs and maintenance	64,000	78,000	55,297	22,703
Truck, bus and tractor expenses	10,600	14,100	11,119	2,981
Summer program costs	23,000	13,000	6,813	6,187
Public relations	10,000	10,000	8,602	1,398
Pension - ad valorem tax	-	-	36,254	(36,254)
Other	5,000	5,000	2,595	2,405
Total current expenditures	450,200	480,000	456,872	23,128
Capital Expenditure	45,000	138,000	135,593	2,407
Total expenditures	495,200	618,000	592,465	25,535
Excess (Deficiency) of Revenues over Expenditures	(33,400)	4,800	135,788	130,988
Other financing sources (uses):				
Transfer In	-	-	2,398	2,398
Net changes in fund balance	(33,400)	4,800	138,186	133,386
<b>FUND BALANCES</b>				
Beginning of year	1,256,419	1,256,419	1,256,419	-
Ending of year	\$ 1,223,019	\$ 1,261,219	\$ 1,394,605	\$ 133,386

***REPORTS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
Recreation District No. 2 of the Parish of St. Mary  
State of Louisiana  
Morgan City, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Recreation District No. 2 of the Parish of St. Mary as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated March 11, 2014.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Recreation District No. 2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Recreation District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of the Recreation District No. 2's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Stagni & Company*

Thibodaux, Louisiana  
March 11, 2014



**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
**Schedule of Current Year Findings**  
**For the Year Ended September 30, 2013**

We have audited the financial statements of Recreation District No. 2, a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated March 11, 2014. We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Section I - Summary of Auditor's Reports***

- The auditor's report expresses an unqualified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- The District neither received nor expended any federal awards during the year.
- There was no management letter issued in connection with this audit.

***Section II - Financial Statement Findings***

- There were no financial statement findings during the audit of the basic financial statements.

***Section III - Federal Award Findings and Questioned Costs***

- There were no federal award findings during the audit of the basic financial statements.





# RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY

Status of Prior Audit Findings  
For the Year Ended September 30, 2013

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
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## Section I - Internal Control and Compliance Material to the Financial Statements:

**2012-1**      **2012**      **CAPITAL PROJECTS FUND**      **YES**      **YES**

Management and their accountants did put the bond proceeds in a separate account, but the proceeds were included in the Debt Service Fund and adjusting journal entries in material amounts were required in order to move the assets, liabilities, equity, revenues and expenditures into a Capital Projects Fund.

**2012-2**      **2012**      **BID LAW NONCOMPLIANCE**      **Partially**      **Yes**

Recreation District # 2 purchased an LED sign for \$44,327. The District had obtained three quotes for the sign; however, the purchase was not advertised and let by contract to the lowest bidder.

## Section II - Internal Control and Compliance Material to Federal Awards:

**NONE**

## Section III - Management Letter:

**NONE**